

THE PORT OF HAMILTON, CANADA

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Annual Report 1985

URBAN/MUNICIPAL

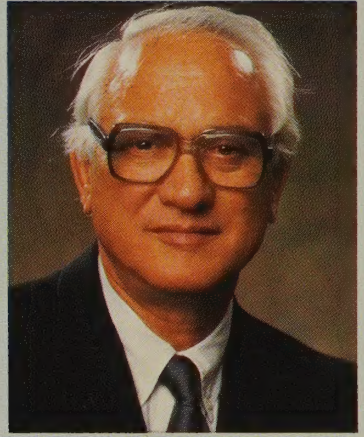
URBAN MUNICIPAL

APR 6 1987

GOVERNMENT DOCUMENTS



The Hamilton
Harbour
Commissioners



The Hamilton Harbour Commissioners are pleased to present our Annual Report for 1985.

Although the Canadian economy continued to grow in 1985, port tonnage unfortunately did not keep pace. This is due in part to several unfortunate accidents in the St. Lawrence Seaway and to a general decline in seaway traffic.

It became evident as 1985 marched on that Great Lake ports and the St. Lawrence Seaway system were being subjected to increased competition from ports on other seacoasts and from landbased modes of transportation. These external factors resulted in total tonnage moving through the port decreasing to 10.3 million tonnes for 1985.

On a positive note, declining seaway tonnage has united the entire marine fraternity, shippers, carriers, ports and government alike, in a common commitment to revitalize the use of the seaway.

Foremost is the need to keep costs in line if the seaway and our port is to remain competitive. With this in mind, Bob Hennessy and I met with the Minister of Transport in December, 1985 to express our concerns over the imposition of additional user fees on the system. The Federal government remains committed to its cost recovery programme in its continuing concern over the deficit; however, a special study will be made on the problems and needs of the seaway system.

Traditional markets over the past several years have changed, requiring a change and diversification of our role as a port. The Commissioners in 1985 continued the work of upgrading and expanding port facilities to meet the changes.

Construction centred primarily on Pier 25 in our East Port development.

As evidence of the continuing confidence being placed in Hamilton's position as a national seaport, the Federal government contributed 1.52 million dollars towards work at East Port in 1985. We are thankful for this support and ongoing confidence. This past year the port spent 6.6 million dollars for labour, goods and services. These dollars were mainly injected directly into the economy of the Region of Hamilton-Wentworth.

In 1985 we shared the ever increasing interest in the recreational use of Hamilton harbour. The Commissioners' marina and small craft repair yard operated at full capacity.

The Commissioners' sailing school experienced another year of growth with over 2,100 students participating in our sailing classes. Even with the recent opening of other sailing schools, we are pleased and happy with the ever increasing number of students, youth and adult alike, who take advantage of the learn-to-sail programmes offered at the port. We look forward to a greater increase in 1986.

Over 600 students of these classes suffer from forms of disability which otherwise would have prevented them from enjoying this healthy activity. The Commissioners' school has pioneered and made possible sailing for the disabled to the point where now it makes up a very significant portion of our overall programme.

1985 saw the retirement of Col. B. M. Alway, D.S.O. from the Board of Commissioners. Mr. Alway well and truly served the City of Hamilton as its representative on the Board for over 12 years and both my fellow Commissioner, Peter Flaherty and I, are appreciative of Mowb's contribution to the growth of the port and his loyalty over that period.

We welcome aboard Mr. Ray Bartolotti as the new City-appointed Commissioner. We look forward to working with him in the forthcoming years.

As always, we who make up the Commissioners are grateful for the ongoing efforts, loyalty and dedication of the Port Director and both professional and administrative staff.

All of us together face confidently the opportunities and challenges that next year will bring.

A handwritten signature in blue ink that reads "John L. Agro". The signature is stylized and fluid.

John L. Agro, Q.C.
Chairman

PORT DIRECTOR'S REPORT



The dependence of the Port of Hamilton on the St. Lawrence Seaway System was demonstrated in 1985 as Port tonnages declined in proportions that were markedly similar to the general traffic decline experienced by the Seaway. Port tonnage totalled 10.34 million tonnes, a decrease of 1.9 million tonnes from last year, a reduction brought about primarily by lower coal and ore tonnages. Overseas tonnage increased in 1985 to 568,000 tonnes. It is gratifying to be able to report this modest increase during a year that saw record "lows" being posted in harbours all along the Great Lakes.

Fertilizer was the key commodity that started off the 1985 navigation season at the Port of Hamilton. On April 6th, the first vessel of the year, the "Agawa Canyon", delivered potash to Pier 12. She was followed on April 12th by the first overseas vessel for 1985, the "M/V Argus", which discharged a cargo of phosphate, also at Pier 12.

These two ships were followed by a total of 562 others during the course of the year. These vessels had a variety of configurations and cargos; self-unloader, conventional Ro/Ro, Heavy Lift ships carried cargos such as steel, special projects, mining equipment and agricultural machinery as well as our usual base tonnage of solid and liquid bulk commodities.

New Port construction for 1985 was dominated by activity at East Port. Works completed on Pier 25 include a small craft berth, 500 metres of industrial railway siding and 370 metres of new Seaway draft dockwall. Adjacent to East Port, the second bridge of the Burlington Bay Skyway was completed and opened to traffic in 1985. Although this is not a Port project per se, the twinning of the Skyway will create a notable improvement to the highway access system into the Port.

Recreational activities at the Port carried on in 1985 at expected high levels. The 425 small craft slips and moorings operated by the Port were filled to capacity. A total of 2,100 students attended classes at the Commissioners' sailing school. The Port's small craft launching ramp received extensive use from casual boaters, looking to enjoy a day's outing on the waters of the harbour.

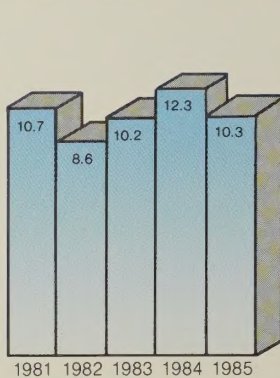
The Port's labour forces, longshoremen, dockyard and maintenance workers alike, played a significant role in our smooth operation in 1985. It is particularly important, during trying business conditions, to have management and labour working together effectively and efficiently.

The Port during 1985 continued its active support of the Canadian Port and Harbour Association, The American Association of Port Authorities and The International Association of Great Lakes Ports. These agencies play an important role in addressing, on a common and collective basis, the problems that currently exist in the St. Lawrence Seaway — Great Lakes System.

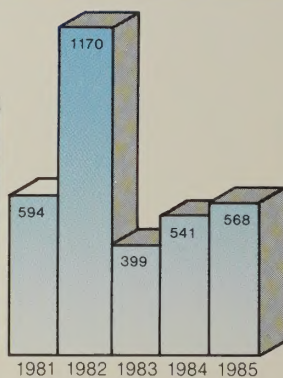
Looking back at 1985, there is a sense of satisfaction to be derived from the fact that, in spite of the slack year experienced by the marine industry in the Great Lakes, the Port of Hamilton was able to maintain its traditional level of earnings while providing Port users with our expected high degree of personal service.

A handwritten signature in blue ink, appearing to read "R.R. Hennessy". The signature is stylized with a large, sweeping "H" and a long, horizontal stroke at the end.

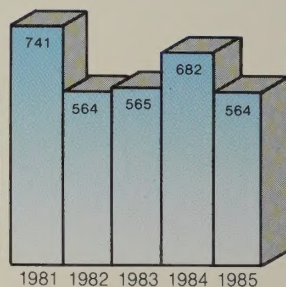
R.R. Hennessy, P.Eng.
Port Director



Total Tonnage
(metric tonnes in millions)



Overseas Tonnage
(metric tonnes in thousands)



Vessel Arrivals
(number of ships)





FINANCIAL STATEMENTS

BALANCE SHEET AS AT DECEMBER 31, 1985 (with comparative figures for 1984)

ASSETS

CURRENT

	1985	1984
Cash	\$ —	\$ 147,211
Accounts receivable	2,425,734	2,181,362
Accrued interest receivable	747,430	719,596
Inventory	78,619	78,299
Prepaid expenses	60,372	43,771
	<u>3,312,155</u>	<u>3,170,239</u>

INVESTMENTS APPROPRIATED FOR

FUTURE HARBOUR IMPROVEMENTS (note 2)	11,750,000	10,200,000
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FIXED

Land, docks and harbour improvements	24,963,535	24,895,354
Buildings	5,865,422	5,846,756
Equipment and vessels	4,220,599	4,164,621
	<u>35,049,556</u>	<u>34,906,731</u>
Less accumulated depreciation	16,674,974	15,740,373

	18,374,582	19,166,358
CAPITAL DEVELOPMENT IN PROGRESS	8,618,146	6,710,957
	<u>26,992,728</u>	<u>25,877,315</u>
	<u>\$42,054,883</u>	<u>\$39,247,554</u>

LIABILITIES

CURRENT

	1985	1984
Bank indebtedness	\$ 14,319	\$ —
Accounts payable and accrued liabilities	2,193,473	1,723,413
Current portion of long-term debt	208,687	199,845
	<u>2,416,479</u>	<u>1,923,258</u>

LONG-TERM (note 4)

Debentures payable —		
Government of Canada, 4-1/8%, to be redeemed before the year 2005	725,000	775,000
Loan payable —		
Government of Canada, due December 31, 1987 semi-annual instalments of blended principal and interest		
at 5-9/16%	118,564	192,368
at 6-1/16%	122,864	198,905
	<u>966,428</u>	<u>1,166,273</u>
Less current portion shown above	208,687	199,845
	<u>757,741</u>	<u>966,428</u>

TOTAL LIABILITIES	<u>3,174,220</u>	<u>2,889,686</u>
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CAPITAL

GENERAL CAPITAL	27,130,663	26,157,868
ALLOCATION FOR FUTURE HARBOUR IMPROVEMENTS (note 2)	11,750,000	10,200,000
	<u>38,880,663</u>	<u>36,357,868</u>
	<u>\$42,054,883</u>	<u>\$39,247,554</u>

STATEMENT OF GENERAL CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1985
(with comparative figures for 1984)

	1985	1984
GENERAL CAPITAL — BEGINNING OF YEAR.....	\$26,157,868	\$23,372,305
Add — contributions from tenants.....	—	5,515
— grants from federal government (note 3)	1,523,423	3,050,076
— excess of revenue over expenses for the year	999,372	729,972
	<u>28,680,663</u>	<u>27,157,868</u>
Appropriation for future harbour improvements	1,550,000	1,000,000
GENERAL CAPITAL — END OF YEAR.....	<u>\$27,130,663</u>	<u>\$26,157,868</u>

STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1985
(with comparative figures for 1984)

	1985	1984
REVENUE		
Operating revenue.....	\$ 5,609,176	\$ 5,186,760
Sundry income.....	1,316,194	1,077,318
	<u>6,925,370</u>	<u>6,264,078</u>
EXPENSES		
Operating expenses	3,288,888	2,768,186
Depreciation of docks, buildings and equipment	945,806	1,004,030
TOTAL OPERATING EXPENSES	<u>4,234,694</u>	<u>3,772,216</u>
GROSS OPERATING MARGIN	<u>2,690,676</u>	<u>2,491,862</u>
ADMINISTRATIVE, OFFICE AND GENERAL EXPENSES.....	1,639,239	1,699,414
INTEREST ON LONG-TERM DEBT.....	<u>52,065</u>	<u>62,476</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR.....	<u>\$ 999,372</u>	<u>\$ 729,972</u>

AUDITORS' REPORT

To the Hamilton
Harbour Commissioners

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1985 and the statements of revenue and expenses, general capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Spicer MacGillivray
CHARTERED ACCOUNTANTS.

May 2, 1986

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1985
(with comparative figures for 1984)

	1985	1984
WORKING CAPITAL PROVIDED		
Excess of revenue over expenses	\$ 999,372	\$ 729,972
Items not affecting working capital in the current year —		
Depreciation	945,806	1,004,030
Net (profit) loss on fixed asset disposals	(5,471)	5,925
Total working capital provided from operations	1,939,707	1,739,927
Proceeds from disposal of fixed assets	11,939	1,937
Contributions from tenants	—	5,517
Government grants	1,523,423	3,050,076
	<u>3,475,069</u>	<u>4,797,457</u>
WORKING CAPITAL APPLIED		
Increase in fixed assets	2,067,687	3,067,558
Reduction of long-term liabilities	208,687	199,844
Increase in investments appropriated for future harbour improvements	1,550,000	1,000,000
	<u>3,826,374</u>	<u>4,267,402</u>
(DECREASE) INCREASE IN WORKING CAPITAL	(351,305)	530,055
WORKING CAPITAL AT BEGINNING OF YEAR	1,246,981	716,926
WORKING CAPITAL AT END OF YEAR	<u>\$ 895,676</u>	<u>\$ 1,246,981</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Revenue and expenses are accounted for on the accrual basis.
- (b) Fixed Assets and Depreciation —
Fixed assets are recorded at acquisition cost.
Depreciation is provided on a straight-line basis at the following rates:
Docks and improvements — 2%, 5%, 10%, 20%
Buildings — 2-1/2%, 5%, 10%, 20%
Vessels and equipment — 10%, 15%, 20%
- (c) Inventory —
Inventory is recorded at actual cost on a first-in, first-out basis.
- (d) Grant Recognition —
Capital grants are recorded, when receivable, as an increase in General Capital.

2. APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners appropriated a further \$1,550,000 of general capital for future harbour improvements, resulting in a total reserve of \$11,750,000 for this purpose. These funds are intended for future capital expenditures including the development of piers 25, 26 and 27 — Eastport Development.

This fund consists of bank deposit receipts in the amount of \$11,750.00.

In 1985, the Commissioners approved a five-year capital budget of \$23,350,000.

3. EASTPORT DEVELOPMENT

In 1983 the Commissioners received a commitment from the Federal Government to assist in financing the Eastport Development. An amount of \$1,523,423 was received or receivable in 1985 and a further \$2,100,000 has been provided in the capital budget, as anticipated grants from this source in future years.

4. LONG-TERM DEBT

The aggregate amount of repayments on the long-term debt due within the next five years is as follows:

1986 — \$208,687	1988 — \$ 50,000	1990 — \$ 50,000
1987 — 132,740	1989 — 50,000	

THE PORT OF HAMILTON, CANADA

PORT FACILITIES

H.H.C. PROPERTY

LOCATION	AREA (Hectares)	PRIMARY USE
Pier 4	.40	Leander Boat Club — Sculling
Pier 5	2.83	Hamilton Yacht Club — Sailing
Piers 6 and 7	2.42	H.H.C. Marine Dockyard Service — 230 slips, Sailing School
Pier 8 (Centennial Terminal)	12.14	General Cargo, Trucking Terminal
Pier 10 (Wellington Terminal)	10.93	General Cargo, Industrial
Pier 11	21.05	Liquid Bulk, Industrial
Pier 12	17.40	Dry Bulk, Ro-Ro Terminal
Pier 14	6.88	Dry Bulk, Industrial
Pier 23	5.66	Dry Bulk, Industrial
Pier 24	8.50	General Cargo, Industrial
Pier 25 (East Port)	16.19	Marine/Industrial Park
Pier 26 (East Port)	21.86	Future Development (Stage 2)
Pier 27 (East Port)	12.14	Future Development (Stage 3)
Pier 34 (La Salle Park)	7.28	Burlington Boating and Sailing Club

PRIVATE FACILITIES

PIER NUMBER	REMARKS	WHARF LENGTH (m)	PRIMARY USE
Pier 9	HMCS Star	61	Navy Wharf
Pier 15	J I Case	320	Industrial
Piers 16, 17, 18	Stelco Inc.	2800	Dry Bulk, Coal, Ore
Piers 20, 21	Dofasco Inc.	1200	Dry Bulk, Coal, Ore
Piers 29, 30	Canada Center for Inland Waters	660	Research Vessels



THE YEAR IN REVIEW







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CANADA'S HEARTLAND HARBOUR

Position:

43° 14' North, 79° 51' West, at the west end of Lake Ontario. Four mile (6.4 km) long and up to three and one half miles (5.6 km) wide.

Servicing:

CN and CP rail systems
Hamilton Civic Airport
Lester B. Pearson International Airport
Major and Independent Motor Truck Carriers

Berthing and Storage:

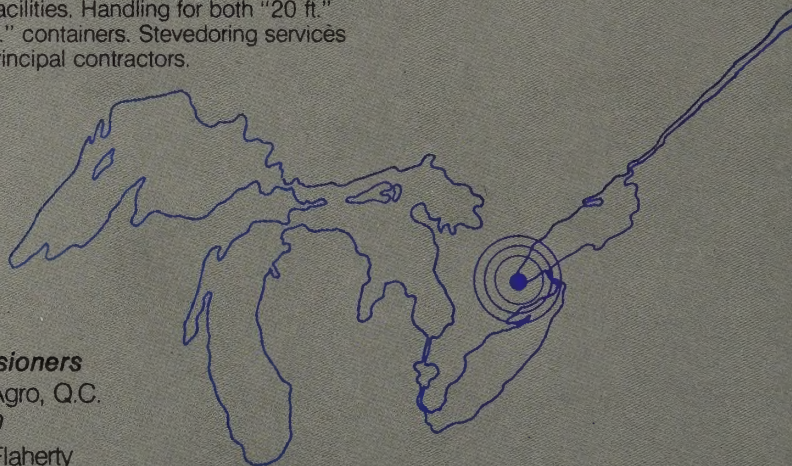
Sheltered Anchorage — 11,570 metres of docking facilities, with draft to all seaway requirements.

Storage Facilities:

Completely Serviced Berthing — Big enough for maximum seaway sized vessels with full tug, workboat and chandler support.

72,900 square metres of warehousing, 88 hectares of shipping and transit storage land provided by the commissioners.

Cargo-handling — Heavy lift capability. Roll-on & roll-off facilities. Handling for both "20 ft." and "40 ft." containers. Stevedoring services through principal contractors.



Commissioners

John L. Agro, Q.C.
Chairman

Peter T. Flaherty
Raymond Bartolotti

Port Director

R. R. Hennessy, P.Eng.



**The Hamilton
Harbour
Commissioners**

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